

Confidential Claim Retracted

Authorized by: SC

Date: 6/25/13

Land: Minerals
14553-51

Air Mail

Mr. Eric T. Hagberg

Area Director, Albuquerque, New Mexico

Dear Mr. Hagberg:

Further reference is made to your letter of September 27 submitting a form of prospecting permit and uranium mining lease which the Pueblo of Laguna proposes to negotiate with the Anaconda Copper Mining Company.

We believe that the forms of permit and lease are well drafted. We are greatly concerned about giving the company a permit to cover all of the Laguna Pueblo lands—401,587 acres, with a right to select acreage for lease without competitive bidding. We believe that it will be advantageous to the Pueblo if the acreage to be included in the permit is reduced one-half with the further proviso that at the end of the first year the permittee be required to eliminate one-half of the reduced acreage included in the permit. If at all possible we would like to reduce the acreage stated in the permit form. If this is done it may serve to give the Pueblo the advantage of competition for leasing lands not included in the permit. If Anaconda discovers ore in paying quantities on the reduced acreage, it will serve to create added interest in exploring the land not included in the permit.

The following suggestions are made concerning the permit form:

1. If the permittee is to be given the right to explore for ores other than uranium, it is suggested that the exploration proviso read as follows:

To prospect for uranium and associated metals and also any and all other minerals of whatsoever kind or nature except coal, oil or gas.

It is pointed out that the lease form as drafted does not provide for a royalty rate on minerals other than uranium. We understand from our discussion with you that it is proposed to limit the permit and lease to exploration for uranium. This will be satisfactory.

2. It is suggested that the permittee be required to expend definite sums for prospecting during the second and third years of the term of the permit.



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As we read the permit form, the permittee need not submit any showing for exploratory expenditures made during the second year unless request is submitted to renew the permit for the third year. Apparently no expenditures are required during the third year. It will be helpful if a provision is inserted in the permit requiring a submission of annual statements of expenditures. These statements if and when received should be considered by the Mining Supervisor.

3. Consideration should be given to requiring the permittee to put up a bond to insure compliance with the terms of the permit.
4. It is suggested that the permit definitely state that all applications for leases must be submitted prior to the expiration of the permit.
5. The provision in Section 9 of the permit authorizing the permittee to obtain leases on 10-acre tracts may not be advantageous to the Pueblo. Selections of 10-acre tracts could be made in such a manner as to prevent the advantageous leasing of adjoining land. We suggest that if a number of leases are to be issued, the permittee be required to take leases on areas which include at least 80 acres. We believe that this will be agreeable to Anaconda.

In general, the lease form follows the tribal lease form 5-157b. If the proposed permit and lease are to be consummated, it will be necessary to submit the instruments to the Department with a recommendation that an exception be made to the regulations to authorize negotiating the lease without advertisement and to permit a term in excess of ten years. Please submit your recommendations.

We will appreciate receiving the recommendations of the Mining Supervisor on the proposed permit and lease. His recommendations are particularly important on the royalty rates. The Mining Supervisor has made a close study of this subject on the Navajo Reservation and if there is any difference between the rates adopted on Navajo tribal land and the Pueblo land, we should be informed of the difference when the permit is submitted. There is enclosed a copy of the definition of "mine value per dry ton" which the Navajo Tribe proposes to include in uranium tribal leases. It will be observed that the definition of the "mine value per dry ton" as stated in the lease form does not agree exactly with the "mine value per dry ton" provisions proposed for the Navajo leases.

One important point is whether the Pueblo should obtain a royalty on any bonus paid by the Atomic Energy Commission for production. We are inclined to believe that the Pueblo should receive a royalty on these payments.

If the lease is to cover all of the ores except coal, oil and gas, it is suggested that the first sentence on page 2 of the lease form read as follows:

Uranium and associated metals and also any and all other minerals of whatsoever kind or nature, except coal, oil or gas.

We have not checked the title to the land. We will appreciate being furnished with available information as to how the Pueblo acquired the title and whether there are any mineral reservations against the land. It will be necessary for the lease to state the royalty rate on all minerals that are covered by the instrument.

Sincerely yours,

 Rex Lee

 Commissioner

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